

MANUFACTURES

AN ADDRESS MADE BY

D. A. TOMPKINS.

AT THE

FIRST ANNUAL DINNER

OF

THE PROGRESSIVE ASSOCIATION,

OF

EDGECOMBE COUNTY.

HOTEL FARRAR,

TARBORO, NORTH CAROLINA.

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Mr. President and Gentlemen :

The lamented Henry W. Grady, one time editor of the *Atlanta Constitution*, was an earnest advocate for the development of manufactures. In an argument on this subject he once recited a story of what he observed at the funeral of a statesman in North Georgia. I will try to repeat Mr. Grady's story from memory :

"The grave was dug through solid marble, which abounds in North Georgia, but the little marble stone left standing to mark the spot came from Vermont. The surrounding slopes were fine grazing lands, yet the woolen shroud came from Boston, and the shoes from Lynn. In the immediate neighborhood iron ore abounded, but the pick and shovel came from Pittsburg. The shirt came from New York, the coffin from Cincinnati, the hearse from Chicago, while the only things that Georgia furnished for that funeral was the hole in the ground and the corpse."

Since the day when Grady wrote and spoke an amazing change has come over the face of North Georgia and many parts of the South. Today some of the largest marble quarries in the world are in North Georgia. Today it has come to pass that the Carolinas and Georgia make the price of cotton goods in China. Alabama makes the price of pig iron in England. The cotton oil industry of the South makes the price of lard.

I shall attempt to point out the causes for the long delay of this dawning prosperity and the means for its further development and continuance :

It is now more than one-third of a century that the people of the South have been waging a fierce conflict with poverty and uncivilizing influences. It is commonly believed that the conditions which have existed and the hardships which our people have endured because of poverty and of political disorder have been the results of the war. I do not believe this but I believe rather that all of our troubles are the results of the mistake of our fore-fathers in

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tying up the fortunes of the South with the institution of slavery. Before the permanent establishment of that institution the South was far in the lead of the other parts of the Union in manufactures, in wealth, and in education.

I have frequently pointed out that the census of 1810 shows that the manufactured products of Virginia, the Carolinas and Georgia exceeded in value and variety those of all New England. That at a later period the South Carolina Railway, when it was built, was one of the most important engineering enterprises in the world. That the first steamship which ever crossed the Atlantic went out of Savannah. That there was a scheme of internal development in this State by which an Atlantic port was to be connected by a continuous line of railway with the great West. That the execution of these great plans was well under way and their complete consummation was only frustrated by the increasing influence of slavery in all the Southern States.

Before the civil war Louisiana had five dollars for every one Massachusetts had; while now the wealth of Massachusetts exceeds that of all the cotton growing States put together.

Dr. J. L. M. Curry has pointed out that even as late as 1860 the educational statistics of the North and South were as follows: The North had 19,000,000 population, the South 8,000,000. The North had 205 colleges, the South 262, besides numerous other denominational colleges. The North had 1407 professors, the South 1488. The North had 29,044 students, the South 27,055. The North spent for colleges, per annum, 1,514,688 dollars, the South spent 1,662,419. The North spent for academies 4,663,749 dollars, the South spent 4,328,127 dollars. In those days our people spent two and a half to three times more money per capita for education than our friends at the North did. In the light of these facts it becomes plain why Virginia and other progressive Southern States furnished the statesmen and the leaders of those times.

Going further, Dr. Curry shows that at the present time the following are the figures: Northern colleges have in productive funds 102,721,451 dollars, Southern colleges have 15,741,000 dollars. Northern school money is practically wholly applicable to the education of the white or wealth-producing race, while the Southern school money must be divided with the negro, who is in many respects, a burden and handicap on the South.

I cannot believe that the quarter century of poverty, of dishonesty in politics, of civil disorder, of murder, arson and even rape could be the consequence or a natural sequence of the civil war.

The institution of slavery alone is, in my judgment, responsible for the frightful calamity that the South has suffered. While the institution yet lived it bred strife and estrangement amongst people of the same blood. The civil war itself was but an insignificant incident of its fall. When the final crash came it swept away all property, it carried down with it the labor system of the whole South, it totally paralyzed for a time the educational systems of the States in which it had existed, and for a long time it threatened to bury in its fall even the social system and civilization itself. It cannot be denied that both these latter were saved by an enduring courage and steadiness of purpose possessed only by the sturdiest elements of the Anglo-Saxon race. No war could in itself possibly bring as a consequence the long continued disaster to any country that the South has endured for more than a generation.

The Franco-German war was fierce and destructive. France paid a fabulous sum for indemnity and yet that war left no such pestilential anarchy in its wake as the institution of slavery and its abolition imposed upon the South.

By far the strangest phase of all this work of anarchy was that, until a few years ago, its agents had the sympathy, support and encouragement of the people of our own blood in the North, without which support, it could never

have lived for an hour. There was never one shadow of doubt as to what Hampton and his followers could have done with the ex-slaves and the thieves, by whom they were led in South Carolina in 1876. It was simply a question how their destructive work could be stayed in a way that would not be misunderstood and misconstrued by the great majority of our friends at the North.

Thank God, these misunderstandings are now past. From the lips of those who were our former critics in the North, we now constantly hear: "If I lived South, I would vote as the Southern white man does on local matters."

I have no manner of doubt in my mind but that the Ku Klux Klan, in its organization proper and omitting unorganized depredations and cruelties, was a beneficent institution and that it saved civilization in the south as the Regulators did in California and as the Smuglers saved commerce at one time in England.

Perhaps, after all, everything has been for the best. If patient endurance of poverty and hard work are of value, then our people at the South have had an education for great things. In the West Indies and in the East Indies, the Nation is taking on new duties and new obligations. It is amongst her people here in the South that the nation must now find the men schooled in enduring patience and immovable firmness in leading an alien and inferior people. It is here, too, that all the most favorable conditions exist for the manufacture of those products most needed by these new people. With our knowledge of the various phases of humanity, we ought to be well qualified to guide the commerce of this Nation with all these new territories.

After the abolition of slavery, those tremendous forces that had been built up and employed to compass that end, ran riot in damaging actions like a big engine whose main belt and governor belt might break at the same time, runs away, bursts the fly-wheel and destroys itself.

The sentiment for abolition was such a tremendous

force that after abolition, its work being accomplished, it could not be stayed or controlled, but expended itself in creating confusion and hindering the work of re-organization to the injury of both the white and black man at the South and to the injury of civilization.

In the past every white man in the South has had to hold one hand at all times ready for the defense of his household while the other has been kept busy in making a scant support for his people. Under less trying conditions, the Latin race, the strong and civilizing white race of two centuries ago, has fallen in Cuba and partially fallen in all South America. This fight of the white people of the South for civilization has, because of mistaken convictions, been carried on without the sympathy or support of the white people of the North, and worse still, even against the adverse influences of most of the public opinion there. It is to the eternal credit of this generation of Southern white people that they have successfully resisted all degenerating and adverse influences, and after a ceaseless conflict of more than a quarter of a century the tide is now well turned and the work of restoring Anglo-Saxon civilization in place of the semi-anarchy that has existed, is well begun.

These introductory remarks bring me to the subject you have assigned me :

MANUFACTURES.

Reveiwing the events that succeeded the Civil war and speaking approximately and in round numbers but with sufficient accuracy to illustrate what the general results have been we find: In the first decade after the Civil War our people made 2,500,000 bales of cotton for which they recieved 24c. a pound, yielding \$300,000,000.

In the second decade they made 5,000,000 bales for which they received 12c. yielding \$300,000,000.

In the third decade they made 10,000,000 bales for which they received 6c., yielding \$300,000,000.

With a largely increased population to support, producing four times the cotton the same sum of money must never-the-less suffice for the increased work, and support the increased number of people. Some suggest as a remedy curtailment of production, thereby increasing the price. If we attempt this we will, in my judgment, throw the control of cotton production into India and Egypt under English direction and control. Even now, in competition and at the extremely low prices and in the face of our enormous production, India is producing more cotton than we did twenty years ago. England is also preparing Egypt to become a factor in the production of raw cotton; and already we are receiving Egyptian cotton as an import into this country and in sufficient quantity to cause an item against it to be proposed in the last tariff bill.

It is only by wise legislation for the establishment of Agricultural Colleges, boards of fertilizer control, experiment stations and other similar protective measures that our people have been able to continue at all the practical control of the production of cotton in competition with the increasing efforts of the other cotton-growing countries of the world. Protection to our cotton farmers by means of Agricultural Colleges, experiment stations and other similar measures has well nigh reached the limit of its developement. If by further perfecting all the measures heretofore utilized to help the farmer we could bring about an economy of one cent a pound reduction, this would amount to \$5.00 a bale or \$50,000,000 on a crop of 10,000,000 bales. That would be a valuable saving, of course, and would be a big help to a poor people.

But let us see what can be done at the other end of the problem. Suppose we don't sell the raw cotton, but turn it into plain white or colored cloth. This cloth

should bring an average of 20c. a pound. At this value the entire crop would be worth one billion dollars. Therefore, by the very best possible economies we could hope to develop, we may become able to save \$50,000,000 out of the cost of production.

By the manufacture of the crop into the plainest production in cloth we can increase its value from \$300,000,000 to \$1,000,000,000, or make a profit of \$700,000,000.00; being more than 200 per cent. advance on the value now obtained out of the cotton crop.

Out of one billion dollars which we would get for the cotton crop, the farmer would get something more for his cotton than \$300,000,000 which he got before. The proximity of the factory always gives a little advance to the local price. The farmers would also get about \$300,000,000 more for the food stuffs consumed by the factory people. This would give to the farmer \$600,000,000 where he now gets \$300,000,000. It would thus improve the condition of his sons and daughters who stay on the farm. It would also improve the condition of the other son and daughter who preferred factory work to farm work.

By virtue of this increased income for the perishable products of the farms, not otherwise of value, it would perpetuate his control of the production of cotton which India, Egypt and South America are now threatening.

After turning over to the farmer \$300,000,000 for his cotton and then \$300,000,000 more for food stuffs there would still be left say \$100,000,000 for the merchants, \$100,000,000 for the doctors and lawyers, \$100,000,000 for the stock holders and \$100,000,000 for general expenditure.

In the manufacture of iron the story is the same. Out of the ore, the coal, the limestone and the labor comes the product that can be sent abroad to fetch back the money from the strangers.

In cotton oil we have again the same alluring results.

In lumber the story still again repeats itself.

But have we got the people?

England has a population of approximately forty million people. She operates forty-six million cotton spindles. This is more than one spindle for each inhabitant. We have in the South approximately twelve million white people. We operate now five million spindles. England has probably as many spindles on wool as on cotton. We have in the South very few spindles on wool.

In North Carolina we spin about 300,000 bales of cotton and employ about 30,000 people in doing it. This is one person for each ten bales of cotton. On this basis 1,000,000 operatives could spin and weave the entire crop into coarse goods—the goods we now make in North Carolina.

In the early days of the Republic your ancestors manufactured with eminent success. Nearly a century ago there was an iron works where the Henrietta cotton mill now is. There was a cotton factory where the new Rocky Mount mill now is. I have at home a copy of a contract in accordance with which the complete machinery for the equipment of a mill was built near Lincolnton in this State in 1813. Throughout the upper part of South Carolina, and in the middle part of North Carolina there are abundant evidences that these States enjoyed a system of well-developed and profitable manufactures.

Throughout the Southern States as they then existed, there are abundant evidences that the South at one time enjoyed a system of well developed and profitable manufactures. The Southern statesmen of that time were all advocates of manufactures from Washington down—and most of them were protectionists too.

That early and profitable development was all lost because of slavery. As this institution grew, all the other developments made by your ancestors shrunk away and dried up. There were those who saw the impending danger and fought against it, as did Mr. Jas. Smyly and Wm. Gregg of South Carolina, and John M. Morehead in this state, but the opposition was to no purpose. Slavery de-

stroyed the manufacturing interests of the south and then itself fell to pieces as is usual with destroying influences. In its fall it swept away the wealth of the south. It completely destroyed the labor system of the south. For nearly a generation the black and devastating ruin threatened the social system of the south, which meant civilization itself. Never did a coming generation owe to a going one the debt of gratitude that the youth of the south of this day owe to their parents who brought through this period the civilization of their ancestors and preserved it from serious degeneration.

We have the raw materials and the labor. Our late efforts have brought more than satisfactory results in every case where manufacturing has been undertaken. I am now brought in my discourse to a discussion of the means by which our manufacturing interests may be further safely and profitably developed. I have already attempted to show that such further development would not only be profitable in itself, but that it would redeem our depressed agricultural interests and perpetuate for our country the control of cotton production for the future as in the past.

The means that appear to me essential are,

1. Education.
2. Transportation facilities.
3. Markets.
4. Banking facilities.

I will discuss these briefly in the order named.

EDUCATION.

There is a certain degree of education that comes to all people by virtue of being brought up in a civilized community. With such a very limited general education, acquired chiefly by contact, our people are able to spin and weave cotton into the simplest and plainest fabrics. These

fabrics are used for the commonest purposes at home and to sell abroad for similar use in semi-civilized countries or to semi-civilized people who cannot even do with reasonable economy the simplest operations of spinning and weaving.

I have shown to what extent we may increase the value of raw cotton by means of the simplest forms of its manufacture into cloth. I wish to undertake to show now, how, with fuller knowledge and better skill we may still further increase the value. Estimating the crop of North Carolina at 500,000 bales, this as raw cotton at 6 cents would yield \$15,000,000.00; as plain white cloth at 18 cents would yield \$45,000,000.00; as checks and plaids at 24 cents would yield \$60,000,000.00.

The people of the state are as a matter of fact now utilizing 300,000 bales and making a product which Mr. Wm. Entwistle, of Rockingham, says will average 20 cents a pound, which would yield \$50,000,000.00 for three-fifths of the crop.

But these values are by no means the limit of what may be brought to the raw cotton with increased knowledge and skill.

This same cotton turned into a fancy gingham or good quality of outing cloth would bring 36 cents a pound and would yield \$90,000,000.00.

If made into a fine dress gingham like *Toile de Nord*, made by my friend Mr. A. H. Lowe at Fitchburg, Mass., it would bring 60 cents a pound, which would yield \$150,000,000.00.

Taking now some French mull or some mercerized cotton stuffs we find these bringing in the market \$1.20 a pound, which would yield \$300,000,000.00.

In this shape it may be seen that the cotton crop of North Carolina would bring as much money as the entire crop of the south now brings. These cloths are not so very fine and it would require but a little step forward in education for our people to become qualified to make it.

But this is by no means the limit. Take some French

nainsook, we find some of it selling in the stores at \$6.00 a pound. If manufactured into this stuff the value of the North Carolina crop would go to the amazing sum of \$1,500,000,000.00. And yet even this is by no means the limit. I exhibit a piece of swiss embroidery, the value of which goes to \$24.00 a pound, at which the North Carolina crop would yield \$6,000,000,000.00, a sum that is inconceivable, beside the paltry 15,000,000 dollars which is the value of our raw cotton.

This exhibit and the resulting figures could even be carried farther, but what's the use? It has long since become plain to me that North Carolina could well afford to issue a half million dollars in bonds to be expended in textile education with absolute certainty that inside of ten years it would enhance the value of North Carolina cotton twenty million dollars a year over and above what it now brings. Look at the tonnage of France's export. It is one of the richest countries in the world, and yet her export tonnage is very small. Her principal exports are composed of a very small proportion of raw material and a very large proportion of knowledge and skill. The Frenchman has not the endurance or staying quality of the Anglo-Saxon, but if he was not quicker and better educated for work he would starve to death.

TRANSPORTATION.

It would be useless to make goods without the means for their economic distribution. The Scientific American has lately published some comparative statistics showing that by means of railroads the United States handles annually more than 900,000,000 tons of freight. Great Britain handles about half as much. Germany about one quarter. France about one eighth and Russia about one tenth. Our domestic market is the best market in the

world. This condition is largely the result of our transportation facilities. We have more railroad mileage than that of all the rest of the world put together. We handle about as much freight as England, Germany, France and Russia do all together.

How did we get this system of railroads? I answer by means of subsidies. The National Government itself has extended vital aid in the construction of our trans-continental lines of railway. Amongst the States, cities, towns, counties and even townships those would be rare indeed that have not contributed aid to one or more railroads either by voting bonds to be exchanged for stock or by guaranteeing railroad bonds. There have been land grants, grants to railroads for the use of whole streets and in every other way possible to imagine, subsidies have been given, and freely given to railroads. It has been argued in opposition in many instances that the stock for the proposed issue of bonds would be worthless. The good citizen has invariably answered—"well if we get the railroad I'm willing to lose the stock if necessary". I doubt if a state, city or county could be found that would be willing to take back its lost money—its subsidy money, and give up the railroads which this money helped to build.

If a good line of railway was proposed to-day which could be brought to Tarborro for \$25,000 or failing in this subsidy, pass six miles to the west of your city you would with absolute certainty raise the money. You know you would.

Both the South and West are peculiarly enterprising in this matter of domestic transportation facilities.

Both the South and West are urgently in need of foreign markets. Yet lavish as they are in expenditures for domestic transportation facilities, if the subject of a little aid is mentioned for a steamship line to facilitate the exportation of cloth made here in your Tarborro mills, or cotton made in Texas or flour from wheat made in Dakota, the North Carolinian, the Texan and the Dakotan immedi-

ately takes a fit. Republicans and Democrats alike forget the interests of the people, and consider it necessary to sacrifice all else to, or what they conceive to be party loyalty. Can it be party loyalty to wage a war of politics in the pursuit of office and regardless of the welfare of all the people?

Ever since the Civil war, the South has been in a defensive attitude. Her representatives have been apologists. More or less of this situation has been a result of the calamity which slavery, not the Civil war, brought. The first man ever to take an aggressive stand in Post Bellum times was Henry W. Grady, who pointed out in his Boston speech, upon the subject of the race problem, that while New England was demanding of the South a solution of this problem with an intolerance that forbade argument, and with an impatience that brooked no delay, yet the people of New England were taking no practical hand in the solution. As long as the race problem was the whole of our politics, this defensive attitude of our representatives was unavoidable. But now that it is practically past it behooves us to give at once earnest attention to the requirements of our material interests. These interests are largely in our growing manufactures. We make here in the South cotton, cotton cloth, cotton oil, cotton seed meal, pig iron, lumber, flour and numerous other products that must find export markets. On these questions our interests are common with those of the people of the rest of the United States.

We have now reached the condition where we make more manufactured products than our home markets will take. England and Germany are willing enough to send here their subsidized ships to take away our raw cotton but not our cotton cloth; to bring us pig iron but not to take pig iron away. We must find the ultimate markets for these products ourselves, and we must establish ship lines to reach them. I am in favor of whatever expenditure is necessary to create and maintain as good transpor-

tation facilities on the seas as we have on the land. We have the best in the world on land, and the best home markets as a consequence. What we have on the seas is hardly worth mentioning, and our foreign trade is proportionately small. Of 64,000,000 dollars worth of cotton goods going into China a few years ago the U. S. put there 6,000,000 dollars worth only.

I favor an Isthmian ship canal to be built and owned by the general government.

I favor a cable across the Pacific to be laid by the general government and to be owned and operated by the government.

These are facilities that are essential to our manufacturing growth. Manufactures are absolutely necessary for the revival of profitable Agriculture and the reconstruction of the fallen fortunes of our fathers. We can no more handle export trade without transportation facilities than we can prosper at home without them, and everybody knows that a town without a railroad is dead till it gets one.

MARKETS.

For raw cotton at 6cts a pound England and Germany are as good markets as we could desire. When we needed pig iron and cotton ties they were delighted to send these here in exchange for our cotton, using their ships for all the transportation.

But if we prosper we must turn our cotton into cloth and get 20cts a pound instead of 6cts and we have commenced to do it. We must stop buying pig iron and make all we need with a surplus for export, and we are already doing this. We must seek, develop and protect markets for cotton oil, wheat and flour, lumber and its products.

What I say about all these, applies as much to New England and the North West as to the South.

Indeed in all that I say at all times I seek for the establishment of no policy for sectional advantage. I seek rather to find out and exhibit those policies which are for the best interests alike of all the people of this country and of the countries we would deal with.

If we co-operate in the development of manufactures and the fostering surrounding conditions, there is no such thing as competition between New England and the South.

I believe that the purchase of Louisiana by Jefferson was a wise and beneficent action. The forebodings of evil which were made as arguments against the action have not come to pass.

I believe that the annexation of Texas was equally wise and beneficent, and the forebodings of evil in that case have failed also.

The acquisitions of Florida from Spain, of the South Pacific territory from Mexico, of Alaska from Russia, have all been advantageous to us and to the populations that came under our control with or without their own consent, and the greater advantage has in each case been to the people of the acquired territory. We have in each case given them law and order and guaranteed for them the security of life, liberty and property. We have furnished them systems of education, and in infinite ways hastened them forward in the path of civilization to their advantage.

The policy of our country, since its foundation has been, above that of all other countries, one of expansion. It seems to be settled that we already have Porto Rico and Hawaii. I believe that Cuba will come to us in the natural course of events by annexation.

I favor keeping the Philippines. Considering modern facilities, the Philippines are more accessible to us now than California was when we acquired it. They are as accessible now as Alaska is now, and yet who would propose to give up Alaska. Their value in trade far surpasses

that of Alaska, and our opportunity for the extension of Christian civilization is greater there than in Alaska.

The possession of the Philippines is important to us for another reason. There are said to be 800,000,000 people in the country known as the Orient. Christian civilization is beginning to reach these people. Our churches have for years kept missionaries amongst them. The works of these missionaries are now beginning to bring some of the results that their supporters here at home have hoped for. Can we refuse now to go ahead with the civilizing work that has been begun. We will of necessity have increasing duties and interests in China. For the advantage of our people at home in their trade with China, and for the advancement of the work of our Christian missionaries we should insist upon the preservation of our treaty rights with China, and resist the partition of that Empire. Our duty and our interests lie together in these matters. I believe that Democrats and Republicans alike ought to demand of, and support our government in a vigorous prosecution of all measures looking to the protection and extension of our interests in what was once the old far East or what is now our new far West.

BANKING.

Once upon a time Mr. Henry Waterson was called upon to speak to a Scotch-Irish Society. He said in effect:

“We have heard from the North-East for more than a century, a clamorous claim about how it was the Puritan who founded this Government and had guided its affairs and kept it straight ever since. We have heard an equally noisy clamor from the South-East about how the Cavalier founded it and how he has been keeping it going since. Now as a matter of truthful history and fact,”

said Mr. Waterson, "and just among us Scotch-Irish here, I want to tell you all that neither one of these clamorous sets of people had a thing to do with it. We Scotch-Irish did the whole thing from beginning to end, and if we had not been mighty shifty fellows the Puritans and Cavaliers would have separately or together ruined the whole business a dozen times."

I think very much the same way about the partisans of silver and gold. Let the gold men or the silver men have their way and the country gets no relief that makes farming, manufacturing or merchandizing easier. The reason for this is that our difficulty in banking is not one of a standard of values. The standard of values is very much like the standard of measures, which is totally one of convenience. We may legally have a yard stick, or a metre or make both legal. Indeed, I think both are legal in this country, but by common consent the people stick to the old yardstick. I prefer the metre, but I get along very well with the yard stick.

The fault of our currency system is in its inflexible character. We have ample money and assets to do business on either a gold or silver basis. But the connection between the two is brittle and inelastic. For deposit and discount our National Banking system is as good as could be desired. The issue feature is practically dead.

This was not the case when government bonds were cheap and the interest high. It is the case with high priced bonds and cheap interest.

The remedy lies in totally abolishing bonds as a basis of bank note issue and substituting, the assets of the bank. This would be the old State banking plan made National. It is the plan followed in Canada, and Canada is conspicuously free from the sharp turns in the money market that is constantly pinching New York and the rest of the country, and is also conspicuously prosperous to resources.

It is a plan followed in Scotland, and much of the prosperity of that country is attributable to the fact that the

Scotch banks re-discount their own paper by issuing bank notes on their assets, instead of taking these best assets down to London for re-discount at the bank of England. Even the bank of England when pressed goes to the bank of France, which is one having the right of unlimited note issue on its assets.

If we have assets that are good enough to secure re-discounts in the money centres, these same assets ought to be good enough to secure bank notes at home.

Very little change in our National banking system would be necessary, to my mind, to overcome all our currency difficulties. These overcome, our manufacturing interests would stand upon an infinitely firmer basis.

The changes should be as follows:

First. Repeal the requirement of bonds for note issue and substitute the assets of the bank.

Second. In return for the one per cent. tax, let the Government guarantee all notes.

Third. Increase the minimum capital to \$100,000.00.

I am aware that there are those who think that this would lead to "wild cat" money. It has not done so in Canada nor France or Scotland.

The defects of the old State systems would be easily and totally avoided. Indeed they would be avoided with the present national banking system modified as indicated.

The Government guarantee would make the notes as good as the government itself, while the tax of 1 per cent. on money issued would yield a sum ten to twenty times in excess of any possible payments that would have to be made on account of redemption of notes of broken banks.

In Canada the government does not guarantee, but collects from the banks a guarantee fund to secure redemption of notes. There is no objection to this plan. Our friends at the North I think totally mistake the requirements of the South and West in this matter of banking.

It is not better banks we need, but the right to use our home assets for bankable purposes at home.

In a bill now under serious consideration in Congress it is proposed to reduce the limit of capital for a national bank to twenty or twenty-five thousand dollars under certain conditions. This is to my mind, useless and necessarily means a high rate of interest to the people served by these little banks. The South and West is now full of so-called State banks having capital in excess of the national requirement. For discount and deposit they can do business quite as well as though they were operating under a national charter, while for NOTE ISSUE they couldn't afford it under a national charter. I should increase rather than reduce the minimum capital.

The right of NOTE ISSUE up to 100 per cent. the par value of the bonds, is a help to the banks, but in no way helps to prevent periodic squeezes in the money markets.

It brings no elastic feature into the system. The clearing-house certificates issued from time to time in New York is the only feature of elasticity now in our system, and that is of questionable legality.

This subject is even more important to the banks in the money centres than it is to the provincial or country banks.

The present system is a good one for the banks in driving a more profitable bargain with its customers, especially when money is a little tight, but it is a system that is dangerous to the banks and in every squeeze some of the banks go down.

No business can be comfortably done with a feeling of uneasiness about money all the time. It is unjust that home assets should have no value at home as a basis for banking, and that the very best assets of every community must be carried from 100 to 1,000 miles away from home to bank on for ordinary home purposes. Besides the opportunity it furnishes for high interest the very cost of travel and exchange is a burden on all industrious agricultural and manufacturing people.

CONCLUSION.

As long as there is any question in the South as to race supremacy, our duty lies first in saving for each State Anglo-Saxon control. That being accomplished, and I believe it is now practically so, then we must speak out plainly on all these economic questions so that the representatives in our legislatures and in Congress may be fully apprised of our sentiments and our requirements. I have been surprised to find in the South-western States a strong sentiment in favor of developing trade relations with the Orient, a sentiment in favor of expansion, all combined with some feeling that party loyalty required silence in the matter. I believe in no such methods. I believe rather that the people should speak out upon the subject of their interests, and that a frank expression of honest views is for the best interests of any party that is worthy of governing a great people.

We have happily now reached that time when the negro has come to the realization of the knowledge that the white people about his home are his best friends, and when the people of the north realize that an excess of zeal in the cause of freedom to do injury, we are now all free in the south, free to enter upon manufacturing enterprises and help to develop American resources and promote American civilization.

It has come to pass that for the southern white man the year of jubilee is come.

Mr. Chairman and gentlemen I thank you for your invitation and your kind attention.

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